

Message Text

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PAGE 01 STATE 112003
ORIGIN TRSE-00

INFO OCT-01 EUR-12 ISO-00 L-03 /016 R

TX-387

DRAFTED BY TREAS:MFEINBERG:IMW
APPROVED BY STATE/L/T A.W. ROVINE
EUR/WE - MR. BROD
-----004036 030555Z /21
R 022234Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY VALLETTA

UNCLAS STATE 112003

E.O. 11652:NA

TAGS: EFIN

SUBJECT: INCOME TAX TREATY

REF: VALLETTA 1025

1. TREASURY READY TO DISCUSS PROSPECTS OF RENEWED U.S.-
MALTA DISCUSSIONS WITH AGIUS.

2. TREASURY WELCOMES INDICATIONS OF FLEXIBILITY ON TAX
SPARING ISSUE BY GOM. HOWEVER, GOM SHOULD UNDERSTAND
THAT INCLUSION OF TAX SPARING OR VARIATIONS ON THEME
NOT NEGOTIABLE FROM USG STANDPOINT. THUS, IF "FLEXIBILITY"
MEANS INCLUSION OF PROVISION THAT HAS EFFECT OF TAX SPARING
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WITH DIFFERENT NAME OR RESTRICTED TO SPECIFIC INDUSTRIES,
U.S. COULD NOT ACCEPT. WE UNDERSTAND THAT GOM HAS ALREADY
LOOKED AT PROVISIONS IN PROPOSED U.S. TREATIES WITH EGYPT
AND ISRAEL AND FOUND THEM UNACCEPTABLE.

3. THE KIND OF FLEXIBILITY WHICH TREASURY SEES AS USEFUL
IS GOM POSITION WAIVING INSISTENCE ON TAX SPARING IN
RETURN FOR U.S. POSITION RECOGNIZING NEED TO LIMIT
MALTESE REVENUE SACRIFICES FROM TREATY. THIS RECOGNITION

COULD BE REFLECTED IN ITEMS SUCH AS DEFINITION OF

PERMANENT ESTABLISHMENT, THRESHHOLDS FOR TAXING BUSINESS
VISITORS AND LEVELS OF WITHHOLDING RATES.

4. THIS WILL BE EXPLAINED TO AGIUS, AND IT WOULD BE
USEFUL ALSO FOR EMBASSY TO TRANSMIT SUBSTANCE OF
MESSAGE TO FINANCE MINISTRY OFFICIALS. VANCE

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Draft Date: 02 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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From: STATE
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1978/newtext/t197805100/aaaadhyd.tel
Line Count: 70
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Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 54384693-c288-dd11-92da-001cc4696bcc
Office: ORIGIN TRSE
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Review Withdrawn Fields: n/a
SAS ID: 2513186
Secure: OPEN
Status: NATIVE
Subject: INCOME TAX TREATY
TAGS: EFIN, US, MT
To: VALLETTA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/54384693-c288-dd11-92da-001cc4696bcc
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